

Message Text

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PAGE 01 JAKART 13331 130826Z

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ACTION EB-11

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 9557

INFO AMEMBASSY TOKYO

C O N F I D E N T I A L JAKARTA 13331

TOKYO FOR SECRETARY KISSINGER, ASST SECRETARY DESIGNATE
INGERSOLL AND AMBASSADOR GALBRAITH

E.O. 11652: GDS

TAGS: EAGR,ID

SUBJECT: RICE SITUATION IN INDONESIA

1. PRESIDENT SUHARTO, DURING MY NOVEMBER 12 TALK WITH HIM, ASKED ME TO BRING THE INDONESIAN RICE SITUATION TO THE ATTENTION OF THE SECRETARY. INDONESIA, SUHARTO SAID, WAS EXPENDING GREAT QUANTITIES OF SCARCE FOREIGN EXCHANGE TO BUY RICE. THERE WAS THE THREAT THAT SHORTAGES OF RICE WOULD DEVELOP DURING THE NEXT FEW MONTHS WHEN RICE WOULD NOT BE HARVESTED. IF THIS SHOULD HAPPEN, COINCIDING WITH THE END OF THE FIRST FIVE-YEAR PLAN AND THE BEGINNING OF THE SECOND IN APRIL, IT WOULD TEND TO UNDERMINE PUBLIC CONFIDENCE IN THE SUHARTO GOVERNMENT AND COULD CONCEIVABLY LEAD TO A BREAKDOWN OF PUBLIC ORDER- HOWEVER SMALL, SOMETHING HAD BEEN ACCOMPLISHED DURING THE FIRST FIVE-YEAR PLAN AND IT WOULD BE A SHAME IF THIS WERE LOST SIGHT OF IN INDONESIA BECAUSE OF DEVELOPING RICE SHORTAGES AND PRICE INCREASES. SUHARTO STRESSED THE IMPORTANCE OF THE U.S. PROVIDING THE RICE IT HAD PLEDGED TO INDONESIA AT THE IGGI MEETING LAST SPRING. IT WOULD BE A SHAME ALSO, HE SAID, IF U.S. FAILURE TO
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PAGE 02 JAKART 13331 130826Z

PROVIDE THE RICE IT HAD PLEDGED WERE SEEN TO BE

CONNECTED TO SHORTAGES AND HIGHER PRICES FOR RICE.

2. I TOLD SUHARTO WE HAD BEEN WORKING CLOSELY WITH THOSE RESPONSIBLE FOR WATCHING THE RICE SITUATION IN INDONESIA. BECAUSE OF WORLD DEMAND RICE HAD NOT BEEN AVAILABLE UNDER PL 480 FOR THESE PAST SEVERAL MONTHS. BUT FORTUNATELY INDONESIA COULD BUY RICE, HAD THE FOREIGN EXCHANGE TO DO SO AND HAD CONTRACTED FOR ADEQUATE SUPPLIES. OUR INFORMATION LED US TO BELIEVE INDONESIA WAS ALL RIGHT ON ITS SUPPLIES FOR THE PRESENT. FUTURE PL 480 RICE AVAILABILITY WOULD DEPEND ON COMMERCIAL AND OTHER DEMANDS. IF THESE WERE LIGHTENED BY GOOD RICE CROPS IN OTHER SUPPLYING COUNTRIES, MORE U.S. RICE MIGHT BECOME AVAILABLE UNDER PL 480. I SAID WE WOULD BE WATCHING INDONESIA'S NEEDS CAREFULLY AND WOULD BE AS HELPFUL AS POSSIBLE. I NOTED THAT RICE PRICES IN INDONESIA HAD BEEN FAIRLY STABLE, REFLECTING ADEQUATE SUPPLIES. SUHARTO REFERRED TO HIS HAVING INSTRUCTED FOREIGN MINISTER ADAM MALIK TO RAISE THIS MATTER WITH THE SECRETARY IN NEW YORK LAST SEPTEMBER. I SAID MALIK HAD DONE SO AND THE SECRETARY HAD BEEN GIVING THE MATTER HIS PERSONAL ATTENTION. GALBRAITH

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